



Introduced Version

SENATE RESOLUTION No. 7

DIGEST OF INTRODUCED RESOLUTION

A SENATE RESOLUTION urging the United States Congress to implement the Homeowners and Bank Protection Act.

RANDOLPH

January 8, 2009 , read first time and referred to Committee on Insurance and Financial Institutions.



Introduced

First Regular Session 116th General Assembly (2009)

SENATE RESOLUTION No. 7

MADAM PRESIDENT:

I offer the following resolution and move its adoption:

A SENATE RESOLUTION urging the United States Congress to implement the Homeowners and Bank Protection Act.

Whereas, the onrushing financial crisis engulfing home mortgages, debt instruments of all types, and the banking system of the United States threatens to set off an economic depression worse than the 1930's; and

Whereas, millions of American citizens are threatened with foreclosure and loss of their homes over the upcoming months, according to studies released by Realty Trac and Moody's Economy.com; and

Whereas, this financial crisis is now threatening the integrity of both state and federally chartered banks, as typified by the run on deposits of Countrywide Financial in California during the month of August 2007; and such a banking collapse would wipe out the life savings of American citizens and drastically undermine the economic stability of our states and cities; and

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Whereas, in a similar financial crisis in the 1930's, President Franklin D. Roosevelt intervened to protect banks and homeowners; for example, in April of 1933, he introduced legislation as a "declaration of national policy . . . that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guarantee of social and economic stability . . .; now thereto,

Be it resolved by the Senate of the General Assembly of the State of Indiana: that we hereby endorse the Homeowners and Bank Protection Act of 2007. This crisis is such that it requires emergency action that only the United States Congress has the capability to enact. Congress must move quickly to keep people in their homes and avert social chaos. Congressional action must include the following provisions:

1 SECTION 1. Congress must establish a federal agency to place the
2 federal and state chartered banks under protection, freezing all existing
3 home mortgages for a period of months or years which would be
4 required to adjust the values to fair prices, and restructure existing
5 mortgages at appropriate interest rates. Further, this action would also
6 write off all of the speculative debt obligations of mortgage-backed
7 securities, derivatives, and other forms of Ponzi Schemes that have
8 brought the banking system to the point of bankruptcy.

9 SECTION 2. During the transitional period, all individual
10 homeowner foreclosures shall be frozen, allowing American families
11 to retain their homes. Monthly payments, the equivalent of rental
12 payments, shall be made to designated banks, which can use the funds
13 as collateral for normal lending practices, thus recapitalizing the
14 banking systems. Ultimately, these affordable monthly payments will
15 be factored into new mortgages, reflecting the deflating of the housing
16 bubble, the establishment of appropriate property valuations, and
17 reduced fixed mortgage interest rates. This adjustment will take several
18 years to achieve. In the interim period no homeowner shall be evicted
19 from his or her property, and the federal and state chartered banks shall
20 be protected so they can resume their traditional functions, servicing
21 local communities, and facilitating credit for investment in productive



1 industries, agriculture, infrastructure, and other prudent financing
2 needs.

3 SECTION 3. State governors shall assume the administrative
4 responsibilities for implementing the program, including the “rental”
5 assessments to designated banks, with the federal government
6 providing the necessary credits and guarantees to assure the successful
7 transition.

8 SECTION 4. The Secretary of the Senate is hereby directed to
9 transmit copies of this resolution to members of the Indiana Delegation
10 of the United States Congress and also be delivered to the President to
11 the Unites States for immediate implementation.

